



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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The Honorable George H. Mahon
Chairman, Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

The report of the House Committee on Appropriations on the 1975 Supplemental Appropriations Bill states that all expenses charged to the appropriation proposed under that bill for Expenses, Presidential Transition, will be subject to review by the General Accounting Office and that a detailed accounting of all obligations will be reported to the Committees on Appropriations.

We have audited the expenditures and obligations charged to this appropriation and beginning on page 3 have summarized the results of our audit.

Background

The Presidential Transition Act of 1963 authorizes the Administrator of General Services to provide each former President--for a period not to exceed 6 months from the expiration of his term of office--the necessary services and facilities of the same general character as authorized for a President-elect. The necessary services and facilities described in the act to be provided a President-elect are for such items as office space suitably equipped, an office staff, consultants, travel expenses, communications, printing and binding, and postage. The act also provides that any Government employee may be detailed during the 6-month period to the former President on a reimbursable or nonreimbursable basis with the consent of the head of the agency. There is no limitation in the act as to their number or the costs that may be incurred for detailed employees.

The Transition Act also provides that the provisions of the Former Presidents Act of 1958, except for the payment of a monetary allowance which begins as soon as he leaves office, shall not become effective with respect to a former President until 6 months after the expiration of his term of office as President. See page 10 for a discussion of the Former Presidents Act.

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B-149372
B-158195

The Transition Act authorizes the appropriation of not to exceed \$900,000 for any one Presidential transition. It also provides that in the budget for an election year the President is to include a proposed appropriation for this purpose.

This authority was first used in fiscal year 1965 when \$800,000 was requested and \$400,000 appropriated. Since President Johnson was reelected in 1964 the only funds needed were about \$72,000 for the incoming Vice President, Mr. Humphrey. For fiscal year 1969, the full \$900,000 was requested and appropriated. Of this amount the incoming Nixon administration was allotted \$450,000; the outgoing President, Mr. Johnson, was allotted \$375,000; and the outgoing Vice President, Mr. Humphrey, was allotted \$75,000.

Because funds are appropriated under the Presidential Transition Act only for Presidential election years, no funds were specifically available for implementing the Transition Act when Mr. Nixon left office in 1974. Therefore, the executive branch had to request a supplemental appropriation to carry out the provisions of the act. On August 29, 1974, the Administration requested the Congress to appropriate \$450,000 to the General Services Administration (GSA) for the purpose of carrying out the provisions of the Transition Act which pertain to a former President. The funds requested were to cover an 11-month period rather than the 6-month period provided in the act. GSA advised us that the 11-month period was requested because Mr. Nixon's resignation was sudden and it believed the additional time would be needed to make some of the arrangements which are usually made before a President leaves office.

The Supplemental Appropriations Act of 1975 (P.L. 93-554), which was approved on December 27, 1974, appropriated \$100,000 to implement the Transition Act and limited the period of availability to the 6 months ending February 9, 1975. The appropriation act also provided that the salaries of detailed personnel provided on a nonreimbursable basis could not exceed \$70,000 from December 27, 1974, through February 8, 1975.

We advised the Office of Management and Budget (OMB) on September 10, 1974, that pending approval of the supplemental appropriation, the "Unanticipated Personnel Needs" fiscal year 1975 appropriation of the Executive Office of the President could be used for transition expenses. OMB transferred \$50,000 to GSA from this fund for transition expenses.

B-149372
B-158195

When the \$100,000 approved for transition under the 1975 Supplemental Appropriation Act became available, GSA reimbursed the "Unanticipated Personnel Needs" appropriation for the \$50,000 that had been made available for transition expenses.

AUDIT OF THE TRANSITION ACT FUNDS

The use of Transition Act funds were controlled by GSA's San Francisco Regional Office. All but very minor expenditures were approved in writing by the Regional Director of Administration and any questionable requests were referred by the Director to the Central Office in Washington, D.C., for decision. Our review of GSA's records show that from August 9, 1974, when Mr. Nixon resigned, through February 8, 1975, when the 6-month transition period ended, \$99,966.65 was expended or obligated.

The funds were used for the following purposes:

	<u>Amount</u>
Furniture and Office Equipment	\$14,466.46
Office Supplies	52,815.95
Personal Services	4,748.57
Postage	12,000.00
Communications	6,505.30
Other	<u>9,430.37</u>
Total	<u>\$99,966.65</u>

The Supplemental Appropriations Act, 1975, imposed a ceiling of \$70,000 on salaries of detailed employees provided on a nonreimbursable basis from the date of enactment (December 27, 1974) until the end of the transition period. The salary expense of detailees for this period December 27, 1974, to February 8, 1975, was \$31,268. (See page 7 for analysis of expenses incurred for detailed personnel.)

Furniture and Office Equipment \$14,466.46

The transition staff of former President Nixon occupied most of the same office space at San Clemente, California, that had been used by his staff when he visited there while President. Most of the furniture and equipment in these offices was retained for the use of the transition staff and

B-149372

B-158195

included such items as typewriters, a refrigerator, davenport, tables, lamps, desks, file cabinets, etc. During the transition period there were also some items shipped from surplus GSA stocks. Nine color televisions were transferred to GSA, after being declared surplus by the White House Communications Agency when it phased out its operations at San Clemente (five were transferred to the transition staff and four were placed in storage).

The \$14,466.46 charged to the Transition Act appropriation was used to purchase the following items for use at the transition offices in San Clemente.

<u>Item</u>	<u>Amount</u>
One IBM Magnetic Card Typewriter	\$ 8,270.00
Five Electric Typewriters	3,465.00
One Transcribing Unit	366.13
Transportation of GSA Surplus Equipment	684.24
Equipment Rental	210.07
Various minor items	<u>1,471.02</u>
Total	<u>\$14,466.46</u>

A representative of former President Nixon signed for and accepted custody of the furniture and equipment at the office complex in San Clemente. These items, which include the items purchased during the transition period, remain the property of the Government and can be recovered when they are no longer needed.

Office Supplies and Stationery \$52,815.95

The transition staff purchased office supplies and stationery costing \$52,815.95. Stationery supplies purchased included one type of personal stationery, two types of office stationery, and three types of acknowledgment cards. Over 460,000 sheets, 260,000 envelopes, and 20,000 of each of the three kinds of acknowledgment cards with envelopes were purchased at a total cost of \$45,460.97. Most of this stationery had not been used at the end of the transition period. (See below for a discussion of estimated outgoing mail volume.) The remaining \$7,354.98 was used to purchase general office supplies at a GSA self-service store and at a local office supply store.

B-149372
B-158195

Personal Services \$4,748.57

Most personal service costs incurred during the transition period were for detailed employees furnished by various agencies on a nonreimbursable basis. (See page 7 for information on the cost of detailed personnel.) In addition to the detailed personnel, three people were hired for varying periods to assist the detailed employees at San Clemente. Their salaries and benefits paid from Transition Act funds totaled \$4,748.57.

Postage \$12,000

The Transition Act authorizes a former President to transmit all mail as penalty mail (sent in envelopes without a stamp and bearing a notice of the penalty for private use) within the United States and its territories and possessions. The act also provides that the postal revenues will be reimbursed for the equivalent amount of postage. Former Presidents are also authorized to use franked mail; i.e., with their signature in lieu of postage (39 U.S.C. 3214). The law also provides that the postal revenues be reimbursed for the equivalent postage on franked mail.

During most of the transition period neither the Postal Service nor the transition staff kept a count of the amount of outgoing mail. Near the end of the transition period both began counting the outgoing mail and arrived at a charge of \$1,015 to transition funds, based on an estimate of 50 pieces of mail a day, 6 days a week, during the transition period. The estimate was based on the actual count, which covered about a week, the transition staff's estimate of the envelopes used, and estimates by GSA and the Postal Service of postage used in other transitions.

On February 7, 1975, stamps worth \$2,000 were purchased with transition funds. On the same day GSA officials in Washington transferred \$10,000 from the transition account to the Postal Service to cover the \$1,015 charge discussed above plus \$8,985 to cover any charges for franked mail sent by former President Nixon during the balance of the fiscal year. We were advised by GSA that the postal credit and stamps would be used principally to answer mail received during the transition period. The transition staff estimates that former President Nixon received over 1 million pieces of mail during the transition period of which only a small part was answered.

B-149372

B-158195

Communications \$6,505.30

These charges consist principally of \$4,880 for the rental of news services teletype machines and \$1,589 for telephone service, tolls, and connection charges. Other communications services were provided during part of the transition period but not charged to Transition Act funds. When President Nixon resigned August 9, 1974, a White House Communications Agency (WHCA) switchboard as well as other WHCA equipment was in place at San Clemente. The switchboard remained in operation, staffed by WHCA people until January 15, 1975, to serve both the Secret Service and transition staff. (See page 7 for an estimate of the estimated salary costs incurred by WHCA employees who provided this service during the transition period.)

During the first 2 months following his resignation, three courier flights were used to fly security briefings to Mr. Nixon from Washington, D.C., to San Clemente. Some passengers and some of Mr. Nixon's personal belongings were also on these flights. These flights were discontinued when Mr. Nixon became ill in September 1974. We were advised by the White House Military Liaison to former Presidents whose office was responsible for providing the courier flights, that in his opinion the costs of the flights were not appropriate charges to the transition funds. He advised us that during President Nixon's term, similar flights had been used to fly security briefings to former President Johnson and that the cost of these flights was also absorbed by the Department of Defense.

Miscellaneous \$9,430.37

The principal charge in this category was \$6,600 by the National Archives and Records Service for record preservation and copying work. The funds are to be used to make copies and do restorative work on records of former President Nixon already in National Archives custody. This type of work is usually done on a reimbursable basis and financed by the National Archives Trust Fund. GSA officials advised us that since the resignation was unexpected, no provision had been made in the National Archives and Records Service budget to begin this activity. Therefore, transition funds were the only funds available for work of this type on former President Nixon's documents. Also included in miscellaneous expenses were \$605 for rental of office space at Long Beach Memorial Hospital while Mr. Nixon was there; purchase of reference books and newspaper subscriptions, \$611; shipment

B-149372
B-158195

of records, \$320; picture mounting supplies, \$896; car rentals, \$240; changing safe combinations, \$75; and other charges, \$83.

Office Space

Under both the Transition Act and the Former Presidents Act office space is to be provided a former President. Mr. Nixon used the San Clemente office complex during the transition and has continued to use it under the provisions of the Former Presidents Act.

Under provisions of 40 U.S.C. 490(j) which went into effect on July 1, 1974, users of space in Government facilities are to pay rent to GSA comparable to commercial charges for the type of space provided. This rent is known as the Standard Level User's Charge (SLUC). For Mr. Nixon's office at San Clemente, GSA determined that the applicable SLUC charge would be \$77,470 annually. During the 6-month transition period the SLUC would have been \$38,735 for the space utilized. The law permits the Administrator of GSA to waive the SLUC if such charges would be infeasible or impractical. Pursuant to the authority delegated to him by the Administrator, the Commissioner of the Public Building Service, on August 21, 1974, waived the SLUC charge on the office space occupied by the transition staff. The waiver expires on June 30, 1975.

We were advised by GSA that the appropriation request to carry out the provisions of the Former Presidents Act during fiscal year 1976 does not include funds for the payment of SLUC for the San Clemente office facilities.

Detailed Employees

A total of 54 different Federal employees from five different agencies were detailed for varying periods, ranging from a few days to 6 months, on a nonreimbursable basis to assist in the transition. None of the five agencies maintained accounting records segregating the salary and related costs of employees detailed to assist in the transition. To estimate the salary and related costs of detailed employees, we therefore had to rely to a great extent on information furnished to us by the agencies as to the names, grades, periods assigned, and travel incurred by detailed employees. We verified the information to the extent feasible through examinations of pay records and travel vouchers and discussions at San Clemente, San Francisco, and Washington, D.C., with officials of the various agencies that furnished detailed employees.

The following schedule summarizes our best estimate of the cost of detailed employees furnished on a nonreimbursable basis to assist in the transition. The total costs include salaries, travel, and subsistence, and estimates of the Government's share of payments for retirement, hospitalization, and similar personnel benefits for the entire transition period. For the period from December 27, 1974, to February 8, 1975, a separate column is shown only for salaries because the limitation in the appropriation act applied only to salaries.

<u>Agency</u>	<u>Number of employees</u>	<u>Total cost</u>	<u>Salaries 12/27/74-2/8/75</u>
Executive Office of the President	17	\$161,743	\$21,223
Dept. of Defense			
White House Communi- cations Agency	19	23,984	589
Other Defense Agencies	7	67,019	7,670
General Services Adm.	2	6,413	1,786
Dept. of the Interior			
National Capital Parks	<u>9</u>	<u>6,421</u>	<u>-</u>
	<u>54</u>	<u>\$265,580</u>	<u>\$31,268</u>

In determining the cost of detailed employees assigned to the transition--particularly as it related to the \$70,000-limitation on salaries of detailed employees furnished on a nonreimbursable basis for the period from December 27, 1974, through February 8, 1975--we had to make certain determinations as to whether the work of other employees, who were located or performed work at San Clemente, or furnished services in connection with former President Nixon's papers, should be considered as related to the transition.

We determined that the employees from the following agencies should not be classified as detailed employees furnished on a nonreimbursable basis under the authority of the Transition Act.

Secret Service

The Secret Service is required by law (18 U.S.C. 3056) to protect a former President and his wife. Because this protection is required to be furnished by a law other than

the Transition Act, we did not consider salaries of the employees who furnished this protection as chargeable to the limitation in the appropriation act.

National Archives and Records Service

The archivists and other employees of the Archives performed certain services related to former President Nixon's papers and other records. This is a regular function of the Archives and its employees were not assigned to, nor did they work for, the transition staff. We did not consider the salaries of the Archives' employees as chargeable to the appropriation limitation on salaries of detailed employees. A charge was made to Transition Act funds for certain restoration and copying work performed by Archives. (See p. 6.)

Coast Guard

The offices occupied by the former President and his staff are on the grounds of a Coast Guard Loran station at San Clemente. While President Nixon was in office the normal complement at this location was increased by about 10. We were advised by Coast Guard officials that these additional Coast Guardsmen were added principally to perform some security functions such as manning the entrance gate to the President's residence and the office complex on a 24-hour a day basis. When President Nixon resigned, the Coast Guard began to gradually reduce the size of its staff to that required to operate the Loran station. The last men were not reassigned until just before the end of the transition period.

On the basis of our discussions with Coast Guard personnel in San Clemente and Washington, D.C., and the transition staff at San Clemente, the services performed by the Coast Guard during the transition period were, in our opinion, related principally to security. They continued to man the entrance gate but on a gradually reduced time period. When the gate was not manned the Secret Service controlled it. In our opinion the salaries of these detailed employees were not chargeable to the limitation in the appropriation.

White House Communications Agency (WHCA)

Information provided to us by the Department of Defense, which furnished the employees for WHCA, shows that in addition to the employees shown in the schedule on page 8 some WHCA employees remained in the San Clemente area during the

transition period to remove the communications equipment used in that area when Mr. Nixon was President. In view of the purpose for which these employees were used, we did not consider these employees as being detailed under the provisions of the Transition Act.

Department of the Navy

Eight Navy mess stewards were assigned for varying periods to San Clemente during the transition period. We were advised by the military aide assigned to the transition staff that the stewards were used principally to dismantle the kitchen equipment in the office compound, which had been installed when Mr. Nixon was President, and prepare it for shipment back to Washington, D.C. In view of the purpose for which the stewards were used, we did not consider these employees as being detailed under the provisions of the Transition Act.

Former Presidents Act

The Former Presidents Act, as amended, authorizes the payment to each former President of a monetary allowance equal to the annual rate of basic pay of the head of an executive department, currently \$60,000. A former President is entitled to the payment of the allowance as soon as he leaves office; the other types of assistance provided to a former President under this act do not become available until 6 months after the expiration of his term of office.

The Administrator of GSA is required by the act to provide each former President with an office staff selected by the former President and responsible only to him. The act also requires the Administrator to furnish each former President suitable office space appropriately furnished and equipped at such place within the United States as the former President shall specify.

There is no overall limit in the authorizing legislation as to the total amount of funds that can be appropriated under the Former Presidents Act; there are, however, some specific limitations. The salaries of the office staff is limited to \$96,000 a year and no individual can be paid at a rate in excess of the rate for level II of the Executive Schedule, currently \$42,500 a year. The act also provides for the payment of a monetary allowance of \$20,000 a year to the widows of former Presidents who do not remarry before age 60.

The fiscal year 1975 appropriation for former Presidents, approved on August 21, 1974, provided \$60,000, only enough to pay the monetary allowances to the widows of Presidents Johnson, Eisenhower, and Truman. When Mr. Nixon resigned, GSA obtained approval from OMB to reappropriation these funds so that funds would be available to pay Mr. Nixon's monetary allowance, as well as the widows, until a supplemental appropriation could be obtained.

Included in the Supplemental Appropriation Act, 1975, approved on December 27, 1974, was \$100,000 for expenses under the Former Presidents Act. This provided \$55,000 for Mr. Nixon's monetary allowance from August 1974, to June 1975, and \$45,000 for other expenses from February 8 to June 30, 1975. The \$55,000, when added to the \$60,000 in the regular appropriation, provided \$115,000 to pay the monetary allowance to the three eligible widows and Mr. Nixon for fiscal year 1975.

During the period February 8 to March 31, 1975, expenditures or obligations for other than the monetary allowances were made for the following purpose.

Office staff salaries and benefits	\$12,254.56
Copier rental and supplies	636.43
Telephone	390.20
Other	<u>122.25</u>
Total	<u>\$13,403.44</u>

As of March 31, 1975, there was therefore available \$31,596.56 for the remaining 3 months of the fiscal year to pay for the salaries and other expenses authorized by the Former Presidents Act. It is estimated that about \$23,000 of this amount will be needed for salaries and benefits and about \$2,300 for additional purchases--leaving a balance of about \$6,200 for any additional expenses. As noted on page 4 there is also available to the former President's staff large quantities of supplies, stationery, and prepaid postage purchased with transition funds but not used during the transition period.

Scope of Audit

We performed our audit in Washington, D.C., and San Francisco and San Clemente, California. We interviewed officials in each of the several agencies involved in the transition to obtain

B-149372
B-158195

information on costs incurred on a reimbursable or nonreimbursable basis in connection with the transition. We examined available vouchers, payroll records, computer runs, and other documents to determine costs incurred during the transition.

Opinion

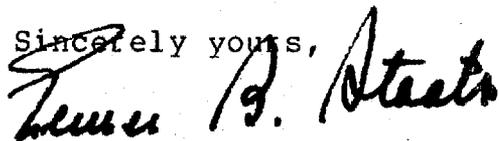
In our opinion, all of the charges to the Transition Act appropriation made available by Public Law 93-554 were for authorized purposes and the \$70,000 limitation on salaries of detailed employees for the period December 27, 1974, through February 8, 1975, was not exceeded. In view of the number of agencies involved in the transition and our dependence to a great extent on information provided to us by the agencies, however, there may have been some minor costs which should have been charged to the Transition Appropriation but were absorbed by the agencies.

Additional Report

The Senate Appropriations Committee in its report on the 1975 Supplemental Appropriations Bill suggested that in addition to an audit of the transition funds that we update our report dated November 16, 1970, entitled "Federal Assistance for Presidential Transitions." We are obtaining the information needed to update that report which will be issued to the appropriate Committees of the Congress when completed.

We will be glad to furnish any additional information your Committee may need on our audit of the transition funds.

Sincerely yours,



Comptroller General
of the United States